

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2005**

**BELLEVUE COMMUNITY SCHOOL DISTRICT**  
**BELLEVUE, IOWA**  
**JUNE 30, 2005**  
**TABLE OF CONTENTS**

		Page No.
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis		4-14
<b>Basic Financial Statements:</b>	<b>Exhibit</b>	
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	24
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	25
Statement of Revenues, Expenses and Changes in Net Assets	H	26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	28
Notes to Financial Statements		29-43
<b>Required Supplementary Information:</b>		
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		44
Notes to Required Supplementary Information - Budgetary Reporting		45
<b>Other Supplementary Information:</b>	<b>Schedule</b>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	46
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	47-48
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	49
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	4	50
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	5	51
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		52-53
Schedule of Findings		54-55

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**OFFICIALS**

Name -----	Title -----	Term Expires -----
<b>Board of Education (Before September 2004 Election)</b>		
Gary Griebel	President	2006
Eunice Schladetzky	President Pro Tem	2005
Ron Kilburg	Board Member	2005
Randy Blake	Board Member	2004
Curt Hammond	Board Member	2006
<b>Board of Education (After September 2004 Election)</b>		
Gary Griebel	President	2006
Eunice Schladetzky	President Pro Tem	2005
Ron Kilburg	Board Member	2005
Randy Blake	Board Member	2007
Curt Hammond	Board Member	2006
<b>School Officials</b>		
Virgil Murray	Superintendent	2005
Penny Medinger	Board Secretary/Treasurer	2005
Ahlers & Cooney, P.C.	Attorney	Indefinite

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education of the  
Bellevue Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Bellevue Community School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bellevue Community School District at June 30, 2005 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 9, 2005, on our consideration of Bellevue Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bellevue Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'CONNOR, BROOKS & CO., P.C.

Dubuque, Iowa  
September 9, 2005

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Bellevue Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow this section.

**Financial Highlights**

- General Fund revenues increased from \$4,915,264 in fiscal 2004 to \$5,047,284 in fiscal 2005, for a total increase of \$132,020. Revenues from property tax decreased \$57,707, revenues from tuition (open enrollment, special education, preschool) increased \$30,850, other local revenues decreased \$9,113; revenues from state sources increased \$187,689; while revenues from federal sources decreased \$21,117.
- General Fund expenditures increased from \$4,901,567 in fiscal 2004 to \$5,060,684 in fiscal 2005, a total increase of \$159,117. Expenditures for salaries increased \$57,249, expenditures for benefits increased \$55,878, while other expenditures (services, supplies, dues, fee, etc.) increased \$45,990.
- The District's General Fund balance decreased from \$1,278,812 in fiscal 2004 to \$1,265,412 in fiscal 2005, a 1 percent decrease from the prior year.
- The District's total tax levy rate decreased by \$.10. The General Fund tax rate increased by \$.10 but generated less money than the prior year due to a decrease in taxable valuation within the county. The Management levy was decreased by \$.18 and the voted PPEL levy decreased by \$.02.
- The special education program posted a deficit for 2004-2005 of \$32,985. This is the second year in a row that special education has ended the year in a deficit. The 2003-2004 deficit was \$14,228.
- A \$48,996 Nautilus weight room was donated to the district thanks to the efforts of a former student.
- The Capital Projects fund contains a restricted balance of \$24,878, which are donations from the community for the anticipated all-weather track at the high school which was started in June of 2005 and should be ready for the 2006 track season. The Capital Projects fund also contains a restricted balance of \$81,142 for the bond reserve and sinking fund for the middle school addition.
- Construction began on the elementary elevator in June 2005 and should be ready for use in the fall of 2005. This is also financed with the Capital Projects fund.

## Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this Section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide both short-term and long-term information about the District's overall financial status.
- The Fund Financial Statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements by providing information about the most significant funds. The governmental funds statements explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending. The proprietary fund statements offer short-term and long-term financial information about the activities the District operates like a business, such as food services. The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the Statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the financial statements with a comparison of the District's budget for the year. Other Supplementary Information provides detailed information about the nonmajor governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

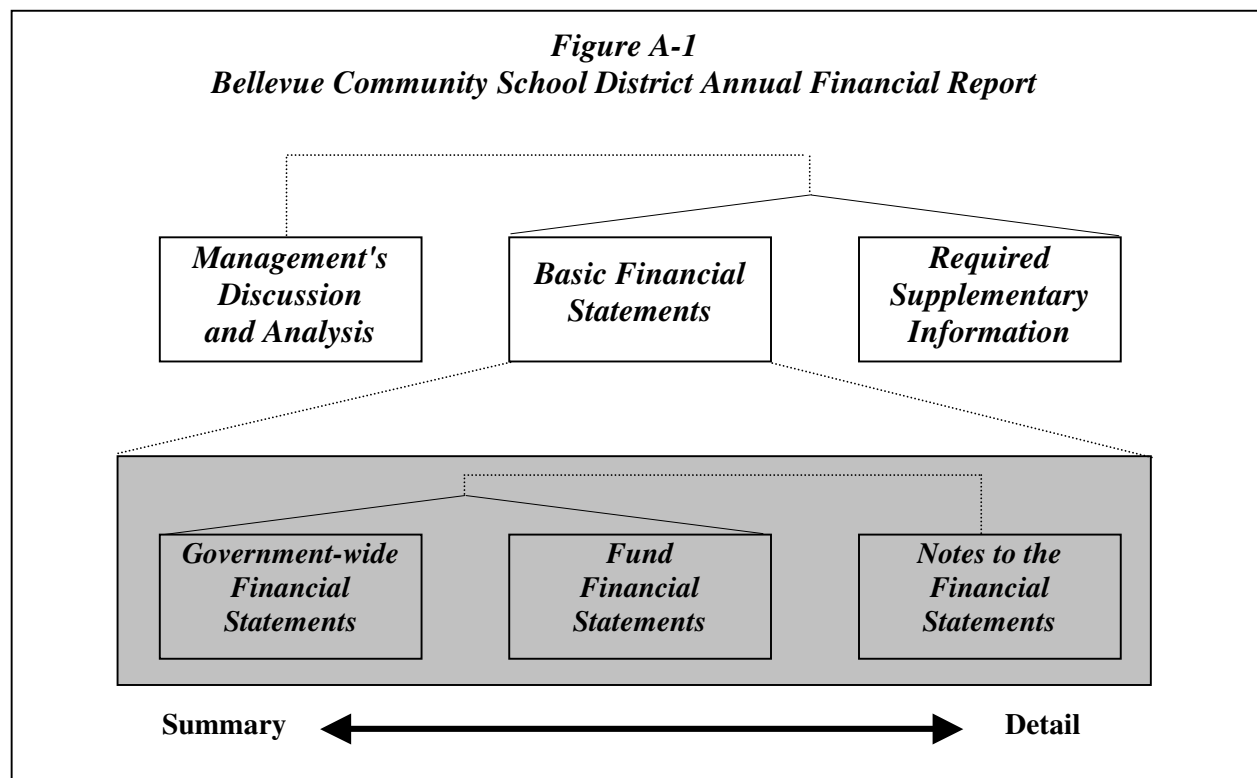


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents of each of the statements.

<b>Figure A-2</b> <b>Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as the Big East Conference
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.



The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

Internal service funds, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Agency funds.

Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures. The District currently maintains an agency fund for the Big East Conference.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

### **Financial Analysis of the District as a Whole**

Figure A-3 provides a summary of the District's net assets for the year ended June 30, 2005 compared to June 30, 2004.

<b>Figure A-3</b>							
<b>Condensed Statement of Net Assets</b>							
	Governmental Activities June 30,		Business Type Activities June 30,		Total School District June 30,		Total Change June 30, 2004-2005
	2004	2005	2004	2005	2004	2005	
Current and other assets	\$4,472,798	\$4,580,974	\$ 33,509	\$ 34,027	\$4,506,307	\$4,615,001	2.4%
Capital assets	1,858,053	2,154,384	11,167	9,787	1,869,220	2,164,171	15.8%
Total Assets	\$6,330,851	\$6,735,358	\$ 44,676	\$ 43,814	\$6,375,527	\$6,779,172	6.3%
Long-term liabilities	\$ 625,000	\$ 560,000	\$ -	\$ -	\$ 625,000	\$ 560,000	-10.4%
Other liabilities	2,318,707	2,492,953	16,140	16,788	2,334,847	2,509,741	7.5%
Total Liabilities	\$2,943,707	\$3,052,953	\$ 16,140	\$ 16,788	\$2,959,847	\$3,069,741	3.7%
Net Assets:							
Invested in capital assets, net of related debt	\$1,233,053	\$1,594,384	\$ 11,167	\$ 9,787	\$1,244,220	\$1,604,171	28.9%
Restricted	886,917	791,105	-	-	886,917	791,105	-10.8%
Unrestricted	1,267,174	1,296,916	17,369	17,239	1,284,543	1,314,155	2.3%
Total Net Assets	\$3,387,144	\$3,682,405	\$ 28,536	\$ 27,026	\$3,415,680	\$3,709,431	8.6%

The major capital asset additions were a new high school roof at \$112,000, two new school busses at \$108,000, the new donated weight room at \$50,000, and resurfacing of the high school parking lot at \$10,000. The rest of the increase was due to normal updating of equipment, computers and buildings.

The district continues to pay down its long-term liability, which is bonds outstanding for the 2002 Middle School Addition, from the Local Option Sales Tax dollars.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased approximately \$96,000 over the prior year. The decrease was due primarily to the decrease in fund balance of the PPEL and Capital Project Funds because of projects undertaken (HS roof, parking lot resurface, begin Elementary elevator and HS track construction) and equipment purchased (two busses) during the year.

Unrestricted net assets are assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. The District's unrestricted net assets remained fairly stable.

Figure A-4 shows the changes in net assets for the year ended June 30, 2005.

**Figure A-4**

Changes in Net Assets from Operating Results							
	Governmental		Business Type		Total		Percentage
	Activities		Activities		School District		Change
	2004	2005	2004	2005	2004	2005	2004-05
Revenues:							
Program revenues:							
Charges for services	\$ 362,811	\$ 406,261	\$ 115,764	\$ 120,981	\$ 478,575	\$ 527,242	10.17%
Operating grants, contributions and restricted interest	825,779	771,115	78,161	77,199	903,940	848,314	-6.15%
Capital grants, contributions and restricted interest	64,957	65,484	-	-	64,957	65,484	0.81%
General revenues:							
Property taxes and other taxes	2,316,364	2,160,702	-	-	2,316,364	2,160,702	-6.72%
Unrestricted state grants	2,129,270	2,349,928	-	-	2,129,270	2,349,928	10.36%
Other	56,590	75,312	495	596	57,085	75,908	32.97%
Total Revenues	\$ 5,755,771	\$ 5,828,802	\$ 194,420	\$ 198,776	\$ 5,950,191	\$ 6,027,578	1.30%
Expenses:							
Governmental activities:							
Instruction	\$ 3,354,925	\$ 3,406,748	\$ -	\$ -	\$ 3,354,925	\$ 3,406,748	1.54%
Support services	1,604,823	1,823,764	-	-	1,604,823	1,823,764	13.64%
Noninstructional programs	2,508	3,622	192,728	200,286	195,236	203,908	4.44%
Other expenses	364,578	299,407	-	-	364,578	299,407	-17.88%
Total Expenses	\$ 5,326,834	\$ 5,533,541	\$ 192,728	\$ 200,286	\$ 5,519,562	\$ 5,733,827	3.88%
Change in Net Assets	\$ 428,937	\$ 295,261	\$ 1,692	\$ (1,510)	\$ 430,629	\$ 293,751	-31.79%

Property tax and other taxes and unrestricted state aid account for 77 percent of the total revenue with a nearly even split between the two. The District's expenses primarily relate to instruction and support services, which account for 95 percent of the total expenses.

### Governmental Activities

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, noninstructional programs and other expenses.

**Figure A-5**

	<b>Net Cost of Governmental Activities</b>					
	Total Cost		Percentage	Net Cost		Percentage
	<u>of Services</u>		<u>Change</u>	<u>of Services</u>		<u>Change</u>
	2004	2005	2004-2005	2004	2005	2004-2005
Instruction	3,354,925	3,406,748	1.5%	2,487,407	2,558,197	2.8%
Support services	1,604,823	1,823,764	13.6%	1,420,267	1,634,774	15.1%
Noninstructional programs	2,508	3,622	44.4%	2,508	3,622	44.4%
Other expenses	364,578	299,407	-17.9%	163,105	94,088	-42.3%
Total	5,326,834	5,533,541	3.9%	4,073,287	4,290,681	5.3%

- The cost financed by users of the District's programs was \$406,261.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$836,599.
- The net cost of governmental activities was financed with \$2,160,702 in various taxes, \$2,349,928 in state foundation aid and \$75,312 in miscellaneous income.

### **Business Type Activities**

Revenues of the District's business type activities were \$198,776 and expenses were \$200,286. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## **Financial Analysis of the District's Funds**

As previously noted, the Bellevue Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,039,572, below last year's ending fund balances of \$2,106,812.

### **Governmental Fund Highlights**

- The District's General Fund financial position remained relatively stable. Expenditures increased slightly more than the increase in revenues resulting in a \$13,400 or 1.1% decrease in fund balance. The tax rate between the two years for the general fund increased by \$0.10.
- The Activity Fund balance decreased in 2004-2005 by \$11,537 due to: 1) the senior class having a very substantial beginning balance of \$3,722 and spending in down to \$0; 2) the student council beginning the year with a \$3000 balance and also spending it down to \$0; 3) the dance account reducing its balance by \$2500 due to the purchase of new uniforms; and 4) the athletic account reducing its balance by \$3000.
- The Management Fund balance increased from \$253,705 to \$298,590 even with a tax decrease of \$0.18 in 2004-2005 due to a slight increase in interest earned and less employees taking advantage of the early retirement offer than originally planned.
- The PPEL Fund balance decreased by \$18,121 to \$42,528 due to the purchase of two busses within one fiscal year.
- As previously noted, the Capital Projects Fund balance decreased by \$69,067 due to several projects undertaken and completed during the year and other projects beginning.

## **Proprietary Fund Highlights**

- The School Nutrition Fund net assets decreased from \$28,536 at June 30, 2004 to \$27,026 at June 30, 2005, representing a decrease of approximately 5 percent or \$1,510. During the year ended June 30, 2005, the District increased meal prices by 10¢ for all lunches and adult breakfasts and by 5¢ for student breakfasts. Total lunches served during FY05 decreased by 1,731 from FY04. This could be a direct correlation to the decrease in enrollment. Total breakfasts served increased in FY05 by 1,474. As most of the kitchen equipment is over 30 years old; it is likely the District will need to begin replacing these items in the near future.

## **Budgetary Highlights**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year, the District did not amend its annual operating budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on the following pages.

## **Legal Budgetary Highlights**

The District's total actual receipts were approximately \$25,000 less than the total budgeted receipts, a variance of less than 1%.

Total expenditures were less than budgeted due primarily to the District's practice to budget expenditures at the maximum authorized spending authority for each fund to avoid the time and expense of amending the budget. The District then manages or controls spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year as it did in 2004-2005.

## **Capital Asset and Debt Administration**

### **Capital Assets**

At June 30, 2005, the District had invested \$2.1 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 15.95 percent from last year. Depreciation expense for the year exceeded \$194,000.

The original cost of the District's capital assets was over \$5.5 million. Governmental funds account for over 99% of these assets with less than 1% in the Proprietary, School Nutrition Fund.

Capital assets added to the district's inventory during the year included two new buses, a used car, a complete new weight room, resealing of the high school parking lot, a new high school roof, tiling of the baseball field, a floor scrubber, several computers, and other miscellaneous repair projects.

<b>Figure A-6</b>								
	<b>Capital Assets, Net of Depreciation</b>							
	Governmental		Business Type		Total		Total	
	<u>Activities</u>		<u>Activities</u>		<u>School District</u>		<u>Change</u>	
	2004	2005	2004	2005	2004	2005	2004-2005	
Land	\$ 29,200	\$ 29,200	\$ -	\$ -	\$ 29,200	\$ 29,200		0.00%
Construction in progress	-	173,884	-	-	-	173,884		100.00%
Buildings	1,272,229	1,356,465	-	-	1,272,229	1,356,465		6.62%
Improvements other than buildings	41,034	49,440	-	-	41,034	49,440		20.49%
Equipment & furniture	515,590	545,395	11,167	9,787	526,757	555,182		5.40%
Total	<u>\$1,858,053</u>	<u>\$2,154,384</u>	<u>\$ 11,167</u>	<u>\$ 9,787</u>	<u>\$1,869,220</u>	<u>\$2,164,171</u>		15.78%

## Long-Term Debt

At June 30, 2005, the District had \$560,000 in revenue bonds outstanding. This represents a decrease of approximately 10 percent from last year. (See Figure A-7) These bonds were issued to build five classrooms on the Middle School and are being repaid using the Local Option Sales and Service Tax.

<b>Figure A-7</b>			
<b>Outstanding Long-Term Obligations</b>			
	Total District		Total Change
	June 30, 2004	June 30, 2005	
Revenue bonds	<u>\$625,000</u>	<u>\$560,000</u>	<u>-10.4%</u>
Total	<u>\$625,000</u>	<u>\$560,000</u>	<u>-10.4%</u>

## **Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The certified enrollment count taken in September of 2004 was 666.8. This count represents a 21.3 decrease in students from the prior year. This decrease in students will affect next year's funding. Since the 1998-1999 fiscal year (our highest enrollment year in recent history), we have lost a total of 54.3 students. District funding is highly dependent upon District enrollments. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- Fiscal 2006 will be the last year of a two-year contract with the Bellevue Education Association, (BEA). The District will negotiate a new agreement during fiscal 2006. Settlements with the BEA have tended to set the trend for salary increases for other school employees. Salary and benefits represent 82.5% of general fund expenditures. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- The last two years, special education has experienced a deficit in funding. Further or increased deficits will negatively impact the overall general fund balance.
- Seventeen employees will be eligible for the District's Early Retirement Plan in 2005-2006. If all 17 employees choose to take advantage of the plan, the Management fund would be liable for \$324,000 in early retirement benefits.

## **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Penny Medinger, District Secretary/Treasurer and Business Manager, Bellevue Community School District, 1601 State Street, Bellevue, Iowa, 52031-9766.



**BASIC  
FINANCIAL  
STATEMENTS**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2005**

	Governmental Activities -----	Business Type Activities -----	Total -----
<b>Assets</b>			
Cash and cash equivalents			
Other	\$ 2,395,260	\$ 28,566	\$ 2,423,826
Receivables:			
Property tax:			
Delinquent	34,925	---	34,925
Succeeding year	1,901,851	---	1,901,851
Income surtax	47,772	---	47,772
Accounts	5,830	168	5,998
Due from other governments	148,889	---	148,889
Prepaid expenses	13,505	---	13,505
Deferred debt expense	3,835	---	3,835
Inventories	29,107	5,293	34,400
Capital assets, net of depreciation	2,154,384	9,787	2,164,171
	-----	-----	-----
Total Assets	\$ 6,735,358	\$ 43,814	\$ 6,779,172
	-----	-----	-----
<b>Liabilities</b>			
Accounts payable	\$ 78,112	\$ ---	\$ 78,112
Salaries and benefits payable	449,066	12,601	461,667
Accrued interest payable	1,719	---	1,719
Due to other governments	37,175	---	37,175
Deferred revenue:			
Succeeding year property tax	1,901,851	---	1,901,851
Other	23,591	4,187	27,778
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	70,000	---	70,000
Portion due after one year:			
Revenue bonds payable	490,000	---	490,000
Unamortized bond premium	1,439	---	1,439
	-----	-----	-----
Total Liabilities	\$ 3,052,953	\$ 16,788	\$ 3,069,741
	-----	-----	-----

See notes to financial statements.

**EXHIBIT "A" (Continued)****BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA****STATEMENT OF NET ASSETS  
JUNE 30, 2005**

	Governmental Activities -----	Business Type Activities -----	Total -----
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 1,594,384	\$ 9,787	\$ 1,604,171
Restricted for:			
TAG	16,945	---	16,945
All weather track	24,878	---	24,878
Management levy	298,590	---	298,590
Physical plant and equipment levy	42,528	---	42,528
Other special revenue purposes	78,348	---	78,348
Debt payment	81,142	---	81,142
Capital projects	248,674	---	248,674
Unrestricted	1,296,916	17,239	1,314,155
	-----	-----	-----
Total Net Assets	\$ 3,682,405 =====	\$ 27,026 =====	\$ 3,709,431 =====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005**

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for	Operating	Capital	Governmental	Business Type	Total
	Expenses	Service	Grants and Contributions	Grants and Contributions	Activities	Activities	
	-----	-----	-----	-----	-----	-----	-----
<b>Functions/Programs</b>							
Governmental Activities:							
Instruction:							
Regular instruction	\$ 2,158,419	\$ 215,697	\$ 282,258	\$ ---	\$ (1,660,464)	\$ ---	\$ (1,660,464)
Special instruction	595,061	28,265	159,764	---	(407,032)	---	(407,032)
Other instruction	653,268	156,786	5,781	---	(490,701)	---	(490,701)
	-----	-----	-----	-----	-----	-----	-----
Total Instruction	\$ 3,406,748	\$ 400,748	\$ 447,803	\$ ---	\$ (2,558,197)	\$ ---	\$ (2,558,197)
	-----	-----	-----	-----	-----	-----	-----
Support Services:							
Student services	\$ 120,322	\$ ---	\$ ---	\$ ---	\$ (120,322)	\$ ---	\$ (120,322)
Instructional staff services	210,062	---	3,930	---	(206,132)	---	(206,132)
Administration services	575,617	---	---	---	(575,617)	---	(575,617)
Operation and maintenance							
of plant services	495,396	---	---	65,484	(429,912)	---	(429,912)
Transportation services	422,367	5,513	114,063	---	(302,791)	---	(302,791)
	-----	-----	-----	-----	-----	-----	-----
Total Support Services	\$ 1,823,764	\$ 5,513	\$ 117,993	\$ 65,484	\$ (1,634,774)	\$ ---	\$ (1,634,774)
	-----	-----	-----	-----	-----	-----	-----
Noninstructional Programs	\$ 3,622	\$ ---	\$ ---	\$ ---	\$ (3,622)	\$ ---	\$ (3,622)
	-----	-----	-----	-----	-----	-----	-----

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005**

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for	Operating	Capital	Governmental	Business Type	Total
	Expenses	Service	Grants and Contributions	Grants and Contributions	Activities	Activities	
	-----	-----	-----	-----	-----	-----	-----
<b>Functions/Programs</b>							
Governmental Activities: (Continued)							
Other Expenditures:							
Facilities acquisition	\$ 26,936	\$ ---	\$ ---	\$ ---	\$ (26,936)	\$ ---	\$ (26,936)
Long-term debt interest	24,113	---	---	---	(24,113)	---	(24,113)
AEA flowthrough	205,319	---	205,319	---	---	---	---
Depreciation (unallocated)*	43,039	---	---	---	(43,039)	---	(43,039)
	-----	-----	-----	-----	-----	-----	-----
Total Other Expenditures	\$ 299,407	\$ ---	\$ 205,319	\$ ---	\$ (94,088)	\$ ---	\$ (94,088)
	-----	-----	-----	-----	-----	-----	-----
Total Governmental Activities	\$ 5,533,541	\$ 406,261	\$ 771,115	\$ 65,484	\$ (4,290,681)	\$ ---	\$ (4,290,681)
Business Type Activities:							
Noninstructional programs:							
Food service operations	200,286	120,981	77,199	---	---	(2,106)	(2,106)
	-----	-----	-----	-----	-----	-----	-----
Total	\$ 5,733,827	\$ 527,242	\$ 848,314	\$ 65,484	\$ (4,290,681)	\$ (2,106)	\$ (4,292,787)
	=====	=====	=====	=====	-----	-----	-----

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for	Operating	Capital	Governmental	Business Type	Total
Expenses	Service	Grants and	Grants and	Activities	Activities	
-----	-----	-----	-----	-----	-----	-----
<b>General Revenues</b>						
Property Tax Levied For:						
General purposes				\$ 1,720,124	\$ ---	\$ 1,720,124
Capital outlay				98,269	---	98,269
PPEL support surtax				50,545	---	50,545
Local option sales and service tax				291,764	---	291,764
Unrestricted state grants				2,349,928	---	2,349,928
Unrestricted investment earnings				38,707	596	39,303
Other				36,605	---	36,605
				-----	-----	-----
Total General Revenues				\$ 4,585,942	\$ 596	\$ 4,586,538
				-----	-----	-----
Change in Net Assets				\$ 295,261	\$ (1,510)	\$ 293,751
Net Assets Beginning of Year				3,387,144	28,536	3,415,680
				-----	-----	-----
Net Assets End of Year				\$ 3,682,405	\$ 27,026	\$ 3,709,431
				=====	=====	=====

See notes to financial statements.

**EXHIBIT "C"****BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA****BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005**

	General	Management	Capital Projects	Nonmajor Governmental Funds	Total
<b>Assets</b>	-----	-----	-----	-----	-----
Cash and pooled investments	\$ 1,592,702	\$ 295,922	\$ 386,157	\$ 120,479	\$ 2,395,260
Receivables:					
Property tax:					
Delinquent	30,550	2,512	---	1,863	34,925
Succeeding year	1,673,205	130,000	---	98,646	1,901,851
Income surtax	---	---	---	47,772	47,772
Accounts	5,730	100	---	---	5,830
Due from other governments	104,929	56	43,862	42	148,889
Prepaid expenses	13,505	---	---	---	13,505
Inventories	29,107	---	---	---	29,107
	-----	-----	-----	-----	-----
Total Assets	\$ 3,449,728	\$ 428,590	\$ 430,019	\$ 268,802	\$ 4,577,139
	=====	=====	=====	=====	=====
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 1,279	\$ ---	\$ 75,325	\$ 1,508	\$ 78,112
Salaries and benefits payable	449,066	---	---	---	449,066
Due to other governments	37,175	---	---	---	37,175
Deferred revenue:					
Succeeding year property tax	1,673,205	130,000	---	98,646	1,901,851
Income surtax	---	---	---	47,772	47,772
Other	23,591	---	---	---	23,591
	-----	-----	-----	-----	-----
Total Liabilities	\$ 2,184,316	\$ 130,000	\$ 75,325	\$ 147,926	\$ 2,537,567
	-----	-----	-----	-----	-----
Fund Balances:					
Reserved for:					
Inventories	\$ 29,107	\$ ---	\$ ---	\$ ---	\$ 29,107
Prepaid expenses	13,505	---	---	---	13,505
TAG	16,945	---	---	---	16,945
All weather track	---	---	24,878	---	24,878
Debt payment	---	---	81,142	---	81,142
Unreserved:					
Undesignated	1,205,855	298,590	248,674	120,876	1,873,995
	-----	-----	-----	-----	-----
Total Fund Balances	\$ 1,265,412	\$ 298,590	\$ 354,694	\$ 120,876	\$ 2,039,572
	-----	-----	-----	-----	-----
Total Liabilities and Fund Balances	\$ 3,449,728	\$ 428,590	\$ 430,019	\$ 268,802	\$ 4,577,139
	=====	=====	=====	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2005**

<b>Total fund balances of governmental funds</b>	\$ 2,039,572
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets of \$5,502,580, net of accumulated depreciation of (\$3,348,196) are not financial resources and, therefore, are not reported in the funds.	2,154,384
Income surtaxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	47,772
Long-term liabilities of (\$560,000) are not due and payable in the current period and are not reported in the funds. Other related amounts include deferred debt expense of \$3,835, bond interest payable of (\$1,719), and unamortized bond premium of (\$1,439)	(559,323)
	-----
<b>Net assets of governmental activities</b>	<b>\$ 3,682,405</b>
	=====

See notes to financial statements.



**EXHIBIT "E"****BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA****STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2005**

	General	Management	Capital Projects	Nonmajor Governmental Funds	Total
<b>Revenues</b>	-----	-----	-----	-----	-----
Local sources:					
Local tax	\$ 1,589,612	\$ 130,512	\$ 291,764	\$ 147,502	\$ 2,159,390
Tuition	230,006	---	---	---	230,006
Other	105,958	3,731	25,138	182,024	316,851
Intermediate sources	2,869	---	---	---	2,869
State sources	2,845,335	160	---	120	2,845,615
Federal sources	272,128	---	---	---	272,128
	-----	-----	-----	-----	-----
Total Revenues	\$ 5,045,908	\$ 134,403	\$ 316,902	\$ 329,646	\$ 5,826,859
	-----	-----	-----	-----	-----
<b>Expenditures</b>					
Current:					
Instruction:					
Regular instruction	\$ 2,140,618	\$ 11,936	\$ ---	\$ 697	\$ 2,153,251
Special instruction	581,232	---	---	---	581,232
Other instruction	507,452	---	---	148,177	655,629
	-----	-----	-----	-----	-----
Total Instruction	\$ 3,229,302	\$ 11,936	\$ ---	\$ 148,874	\$ 3,390,112
	-----	-----	-----	-----	-----
Support Services:					
Student services	\$ 119,671	\$ 307	\$ ---	\$ 1,399	\$ 121,377
Instructional staff services	209,052	292	---	---	209,344
Administration services	546,578	19,317	---	6,298	572,193
Operation and maintenance of plant services	406,235	27,645	---	5,017	438,897
Transportation services	344,527	26,399	---	110,376	481,302
	-----	-----	-----	-----	-----
Total Support Services	\$ 1,626,063	\$ 73,960	\$ ---	\$ 123,090	\$ 1,823,113
	-----	-----	-----	-----	-----
Noninstructional Programs	\$ ---	\$ 3,622	\$ ---	\$ ---	\$ 3,622
	-----	-----	-----	-----	-----
Other Expenditures:					
Facilities acquisition	\$ ---	\$ ---	\$ 296,450	\$ 87,340	\$ 383,790
Long-term debt:					
Principal	---	---	---	65,000	65,000
Interest and fiscal charges	---	---	---	24,519	24,519
AEA flowthrough	205,319	---	---	---	205,319
	-----	-----	-----	-----	-----
Total Other Expenditures	\$ 205,319	\$ ---	\$ 296,450	\$ 176,859	\$ 678,628
	-----	-----	-----	-----	-----

See notes to financial statements.

**EXHIBIT "E"**  
**(Continued)**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2005**

	General	Management	Capital Projects	Nonmajor Governmental Funds	Total
	-----	-----	-----	-----	-----
<b>Expenditures (Continued)</b>					
Total Expenditures	\$ 5,060,684	\$ 89,518	\$ 296,450	\$ 448,823	\$ 5,895,475
	-----	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (14,776)	\$ 44,885	\$ 20,452	\$ (119,177)	\$ (68,616)
	-----	-----	-----	-----	-----
Other Financing Sources (Uses):					
Operating transfers in	\$ ---	\$ ---	\$ ---	\$ 89,519	\$ 89,519
Operating transfers out	---	---	(89,519)	---	(89,519)
Sale of equipment and materials	1,376	---	---	---	1,376
	-----	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ 1,376	\$ ---	\$ (89,519)	\$ 89,519	\$ 1,376
	-----	-----	-----	-----	-----
Net Change in Fund Balances	\$ (13,400)	\$ 44,885	\$ (69,067)	\$ (29,658)	\$ (67,240)
Fund Balances Beginning of Year	1,278,812	253,705	423,761	150,534	2,106,812
	-----	-----	-----	-----	-----
Fund Balances End of Year	\$ 1,265,412	\$ 298,590	\$ 354,694	\$ 120,876	\$ 2,039,572
	=====	=====	=====	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005**

Net change in fund balances - total governmental funds	\$	(67,240)
--------------------------------------------------------	----	----------

*Amounts reported for governmental activities in the statement  
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$491,692 exceeded depreciation of (\$194,616) in the current period		297,076
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.		(745)
Because income surtaxes will not be collected for several months after the district's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year.		1,312
Current year long-term debt principal payments reported as expenditures in the governmental fund financial statements are shown as reduction in long-term debt in the government-wide financial statements.		65,000
The governmental fund financial statements reflect bond costs as an expenditure and premiums on debt issuance as a component of other financing sources. The government-wide financial statements present the unamortized amount of bond issuance cost and premium on bond issuances as an asset and liability, respectively, net of amortization. This amount represents the current year amortization of these long-term debt related costs.		(342)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net decrease in accrued interest.		200
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-----

Change in net assets of governmental activities	\$	<div style="border-top: 1px dashed black; border-bottom: 3px double black; padding: 2px 0;">295,261</div>
-------------------------------------------------	----	-----------------------------------------------------------------------------------------------------------

See notes to financial statements.

**EXHIBIT "G"****BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA****STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2005**

	School Nutrition -----
<b>Assets</b>	
Cash and cash equivalents	\$ 28,566
Accounts receivable	168
Inventories	5,293
Capital assets, net of accumulated depreciation	9,787
	-----
Total Assets	\$ 43,814
	-----
<b>Liabilities</b>	
Salaries and benefits payable	\$ 12,601
Deferred revenue - other	4,187
	-----
Total Liabilities	\$ 16,788
	-----
<b>Net Assets</b>	
Invested in capital assets, net of related debt	\$ 9,787
Unrestricted	17,239
	-----
Total Net Assets	\$ 27,026 =====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2005**

	School Nutrition -----
<b>Operating Revenue</b>	
Local sources:	
Charges for services	\$ 120,981 -----
<b>Operating Expenses</b>	
Noninstructional programs:	
Food service operations:	
Salaries and benefits	\$ 87,449
Benefits	16,188
Purchased services	303
Supplies	94,966
Depreciation	1,380 -----
Total Operating Expenses	\$ 200,286 -----
Operating Loss	\$ (79,305) -----
<b>Nonoperating Revenue</b>	
State sources	\$ 3,104
Federal sources	74,095
Interest income	596 -----
Total Nonoperating Revenue	\$ 77,795 -----
Changes in Net Assets	\$ (1,510)
Net Assets Beginning of Year	28,536 -----
Net Assets End of Year	\$ 27,026 =====

See notes to financial statements.

**EXHIBIT "I"****BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA****STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2005**

	School Nutrition
<b>Cash Flows From Operating Activities</b>	-----
Cash received from sale of lunches and breakfasts	\$ 122,039
Cash paid to employees for services	(104,195)
Cash paid to suppliers for goods and services	(84,628)
	-----
Net Cash Used by Operating Activities	\$ (66,784)
	-----
<b>Cash Flows From Noncapital Financing Activities</b>	
State grants received	\$ 3,104
Federal grants received	63,705
	-----
Net Cash Provided by Noncapital Financing Activities	\$ 66,809
	-----
<b>Cash Flows From Capital and Related Financing Activities</b>	
None	\$ ---
	-----
<b>Cash Flows From Investing Activities</b>	
Interest on investments	\$ 596
	-----
Net Increase in Cash and Cash Equivalents	\$ 621
Cash and Cash Equivalents Beginning of Year	27,945
	-----
Cash and Cash Equivalents End of Year	\$ 28,566
	=====
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>	
Operating loss	\$ (79,305)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	10,390
Depreciation	1,380
Decrease in inventories	251
(Increase) in accounts receivable	(148)
(Decrease) in salaries and benefits payable	(558)
Increase in unearned revenues	1,206
	-----
Net Cash Used In Operating Activities	\$ (66,784)
	=====

**Non-Cash Investing, Capital and Financing Activities**

During the year ended June 30, 2005, the District received \$10,390 of federal commodities.

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2005**

	Agency -----
<b>Assets</b>	
Cash and pooled investments	\$       9,692
	-----
<b>Liabilities</b>	
Due to other governments	\$       9,692
	-----
<b>Net Assets</b>	
None	\$           ---
	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 1 - Summary of Significant Accounting Policies:**

The Bellevue Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Bellevue, Iowa, and the predominate agricultural territory in Jackson County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Bellevue Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Bellevue Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Jackson County Assessor's Conference Board.

**B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities on the District. For the most part, the effect of interfund activity has been removed from these statements.



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**B. Basis of Presentation (Continued)**

Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**B. Basis of Presentation (Continued)**

The Management Fund is utilized to account for property insurance and early retirement expenditures.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organization and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

**C. Measurement Focus and Basis of Accounting**

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

**D. Assets, Liabilities and Fund Equity**

The following accounting policies are followed in preparing the balance sheet:

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**D. Assets, Liabilities and Fund Equity (Continued)**

**Cash, Pooled Investments and Cash Equivalents** - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for nonnegotiable certificates of deposit which are stated at cost.

For purposes of the statements of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

**Property Tax Receivable** - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1-1/2% per month penalty for delinquent payments; is based on January 1, 2003, assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2004.

**Due From Other Governments** - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

**Inventories** - Inventory items are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**D. Assets, Liabilities and Fund Equity (Continued)**

**Capital Assets** - Capital assets which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	All
Buildings	\$ 500
Improvements other than buildings	500
Furniture and Equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-7 years

**Intergovernmental Payables** - Intergovernmental payables represents amounts due to other governmental units for various purposes such as supplies, utilities, and Pre-school Special Education.

**Salaries and Benefits Payable** - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**D. Assets, Liabilities and Fund Equity (Continued)**

**Deferred Revenue** - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, income surtax and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

**Compensated Absences** - School District employees accumulate sick leave and vacation for subsequent use. These accumulations are not recognized as expenditures by the District until used. The District's policy prohibits payoff of accumulated benefits at termination of employment. Consequently no liability at June 30, 2005 has been accrued.

**Long-term Obligations, Deferred Debt Expense, and Bond Discounts/Premiums** - In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs and bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**Fund Equity** - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**Restricted Net Assets** - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements did not exceed the amount budgeted.

**F. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 - Cash and Pooled Investments:**

The District's deposits in banks at June 30, 2005, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

**Note 3 - Interfund Transfers:**

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

Transfer to -----	Transfer from -----	Amount -----
Debt Service	Capital Projects	\$ 89,519

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 4 - Capital Assets:**

Capital assets activity for the year ended June 30, 2005, was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 29,200	\$ ---	\$ ---	\$ 29,200
Construction in progress	---	173,884	---	173,884
	-----	-----	-----	-----
Total capital assets not being depreciated	\$ 29,200	\$ 173,884	\$ ---	\$ 203,084
	-----	-----	-----	-----
Capital assets being depreciated:				
Buildings	\$ 2,790,611	\$ 140,332	\$ ---	\$ 2,930,943
Improvements other than buildings	233,475	13,217	---	246,692
Furniture and equipment	1,966,452	164,259	8,850	2,121,861
	-----	-----	-----	-----
Total capital assets being depreciated	\$ 4,990,538	\$ 317,808	\$ 8,850	\$ 5,299,496
	-----	-----	-----	-----
Less accumulated depreciation for:				
Buildings	\$ 1,518,382	\$ 56,096	\$ ---	\$ 1,574,478
Improvements other than buildings	192,441	4,811	---	197,252
Furniture and equipment	1,450,862	133,709	8,105	1,576,466
	-----	-----	-----	-----
Total accumulated depreciation	\$ 3,161,685	\$ 194,616	\$ 8,105	\$ 3,348,196
	-----	-----	-----	-----
Total capital assets being depreciated, net	\$ 1,828,853	\$ 123,192	\$ 745	\$ 1,951,300
	-----	-----	-----	-----
Governmental activities capital assets, net	\$ 1,858,053	\$ 297,076	\$ 745	\$ 2,154,384
	=====	=====	=====	=====
<b>Business Type Activities:</b>				
Furniture and equipment	\$ 14,304	\$ ---	\$ ---	\$ 14,304
Less accumulated depreciation	3,137	1,380	---	4,517
	-----	-----	-----	-----
Business type activities capital assets, net	\$ 11,167	\$ (1,380)	\$ ---	\$ 9,787
	=====	=====	=====	=====



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 4 - Capital Assets: (Continued)**

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular instruction	\$ 5,865
Special instruction	13,829
Other instruction	1,793

Support services:

Student support services	344
Instructional staff support services	718
Administration services	6,661
Operation and maintenance of plant services	61,516
Transportation services	54,553
Facilities acquisition and construction	6,298
Unallocated	43,039

Total depreciation expense - governmental activities	\$ 194,616
	=====

Business type activities:

Food service operations	\$ 1,380
	=====

**Note 5 - Long-Term Liabilities:**

Changes in long-term liabilities for the year ended June 30, 2005, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	-----	-----	-----	-----	-----
Local Option Sales and Services Tax	\$ 625,000	\$ ---	\$ 65,000	\$ 560,000	\$ 70,000
	=====	=====	=====	=====	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 5 - Long-Term Liabilities: (Continued)**

**Revenue Bonds Payable**

Details of the District's June 30, 2005, local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30	Interest Rates	Principal	Interest	Total
-----	-----	-----	-----	-----
2006	3.875%	\$ 70,000	\$ 21,700	\$ 91,700
2007	3.875%	75,000	18,988	93,988
2008	3.875%	75,000	16,081	91,081
2009	3.875%	80,000	13,175	93,175
2010	3.875%	85,000	10,075	95,075
2011	3.875%	85,000	6,781	91,781
2012	3.875%	90,000	3,488	93,488
		-----	-----	-----
Total		\$ 560,000	\$ 90,288	\$ 650,288
		=====	=====	=====

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- (a) Interest on the Bonds is payable on June 1 and December 1 in each year beginning December 1, 2002, to the registered owners thereof. The Bonds will mature serially on June 1. Bonds maturing after June 1, 2006, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot, at par plus accrued interest to date of call.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 5 - Long-Term Liabilities: (Continued)**

- (b) The Bond Resolution establishes a Project Fund (the "Project Fund") into which the net Bond proceeds shall be deposited. Moneys in the Project Fund shall be used for the purpose of aiding in the financing of the Project, and shall also be available for the payment of the principal of or interest on the Bonds at any time that other funds of the Project shall be insufficient for that purpose. Any Project Fund moneys used to pay debt service on the Bonds shall be repaid to the Project Fund at the earliest opportunity.
- (c) The Bond Resolution also establishes the Local Option Sales and Services Tax Revenue Fund (the "Revenue Fund"), into which shall be deposited all local option sales taxes when received from the State. Moneys in the Revenue Fund shall be disbursed to the following funds and accounts in the following order of priority.
- (d) Interest and principal on the Bonds (and any Parity Obligations, as defined below) will be paid from the Sinking Fund (the "Sinking Fund"). The amount to be deposited in the Sinking Fund shall be equal to the amount of principal and interest coming due on the Bonds, and any other obligations payable from the Local Option Tax revenues on a parity with the Bonds ("Parity Obligations") during the fiscal year and shall be used solely for the purpose of paying debt service on the Bonds and any Parity Obligations.
- (e) The Bonds are secured by the Reserve Fund established under the Bond Resolution which Reserve Fund will be funded from proceeds of the Bonds. So long as any Bonds are outstanding, the Issuer is required to maintain an amount on deposit in the Reserve Fund equal to the lesser of (a) the sum of 10% of the proceeds of the Bonds; (b) 125% of the average annual debt service on such Bonds and (c) the maximum annual debt service on such Bonds (the "Reserve Fund Requirement").

The District did comply with all of the provisions during the year ended June 30, 2005. The amounts required for the Sinking Fund and Reserve Fund are accounted for in the Capital Projects Fund.

**Early Retirement**

The District offers the following early retirement plans to its employees.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 5 - Long-Term Liabilities: (Continued)**

**Administration** - Eligible employees must be at least age fifty-eight and must have completed fifteen years of administrative service or a combination of twenty-five years of teaching and administrative service with at least the final five years of said service in administration. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 40% of the administrator's salary at the time of employment. The District will provide health insurance from age 58 to 65, or until the retiree becomes insured through another plan. Early retirement benefits paid to administrators during the year ended June 30, 2005 totaled \$-0-.

**Teachers** - Eligible employees must be at least age fifty-five and must have completed twenty years of full time employment, or its equivalence. Employees must complete a written application which is required to be approved by the Board of Education. The early retirement incentive for each eligible teacher is equal to 100% of the difference between their position on the current salary schedule and the base of said schedule. Early retirement benefits paid to teachers during the year ended June 30, 2005 totaled \$3,600.

**Noncertified** - Eligible employees must be at least age fifty-five and must have completed twenty years of full-time continuous service. Employees must complete an application for early retirement. The early retirement incentive is equal to an amount representing fifty days of pay at the employee's rate of pay at the time of retirement. Early retirement benefits paid to noncertified employees during the year ended June 30, 2005 totaled \$-0-.

At June 30, 2005, the District did not have a liability for early retirement.

**Note 6 - Pension and Retirement Benefits:**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 6 - Pension and Retirement Benefits: (Continued)**

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004, and 2003. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$182,449, \$179,142, and \$174,024 respectively, equal to the required contributions for each year.

**Note 7 - Risk Management:**

Bellevue Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 8 - Area Education Agency:**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$205,319 for the year ended June 30, 2005, and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

**Note 9 - Construction Commitment:**

In June 2005, the District entered into a contract totaling \$175,275 for an elevator project at the elementary school. At June 30, 2005, \$83,001 of the contract was completed. The remaining amount will be paid as work on the project progresses. The District also approved a contract totaling \$59,116 to resurface the high school track in June 2005. No work had begun on this project at June 30, 2005.

**Note 10 - Contingency:**

**Medical** - The District self funds employee medical claims in excess of \$200 for single coverage and \$400 for family coverage, limited to \$1,000 maximum for single coverage and \$2,000 for family coverage.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 10 - Contingency: (Continued)**

**Early Retirement** - As of June 30, 2005, several District employees met the eligibility criteria for early retirement but did not request it. Therefore, no liability was recorded for those individuals. The District's unrecorded contingent liability for early retirement is approximately \$282,280 as of June 30, 2005.

**Note 11 - 28E Agreement:**

On July 1, 2001, the District entered into a 28E Agreement with the Camanche Community School District. The Agreement is for the purpose of providing the District with funds for implementing a before and after school program.

**Note 12 - Other Matters:**

In January 2003, the District entered into an agreement with a soft drink company in which the District agreed to purchase beverages exclusively from this company. In return, the soft drink company provided the District with two outdoor scoreboards. The agreement is for ten years commencing on January 31, 2003, and continues through January 30, 2013. In the event the soft drink company is not the exclusive provider of beverages to the District, the District would be required to reimburse the soft drink company for a percentage of the scoreboards.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN BALANCES - BUDGET AND ACTUAL -  
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2005**

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts ----- Original      Final		Final to Actual Variance
<b>Receipts</b>	-----	-----	-----	-----	-----	-----
Local sources	\$ 2,706,247	\$ 121,577	\$ 2,827,824	\$ 2,729,603	\$ 2,729,603	\$ 98,221
Intermediate sources	2,869	---	2,869	1,849	1,849	1,020
State sources	2,845,615	3,104	2,848,719	2,955,969	2,955,969	(107,250)
Federal sources	272,128	74,095	346,223	363,722	363,722	(17,499)
	-----	-----	-----	-----	-----	-----
Total Receipts	\$ 5,826,859	\$ 198,776	\$ 6,025,635	\$ 6,051,143	\$ 6,051,143	\$ (25,508)
	-----	-----	-----	-----	-----	-----
<b>Disbursements</b>						
Instruction	\$ 3,390,112	\$ ---	\$ 3,390,112	\$ 4,625,940	\$ 4,625,940	\$ 1,235,828
Support services	1,823,113	---	1,823,113	2,308,808	2,308,808	485,695
Noninstructional program	3,622	200,286	203,908	239,973	239,973	36,065
Other expenditures	678,628	---	678,628	921,322	921,322	242,694
	-----	-----	-----	-----	-----	-----
Total Disbursements	\$ 5,895,475	\$ 200,286	\$ 6,095,761	\$ 8,096,043	\$ 8,096,043	\$ 2,000,282
	-----	-----	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (68,616)	\$ (1,510)	\$ (70,126)	\$(2,044,900)	\$(2,044,900)	\$ 1,974,774
Other Financing Sources, Net	1,376	---	1,376	925	925	451
	-----	-----	-----	-----	-----	-----
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	\$ (67,240)	\$ (1,510)	\$ (68,750)	\$(2,043,975)	\$(2,043,975)	\$ 1,975,225
Balances Beginning of Year	2,106,812	28,536	2,135,348	2,329,964	2,329,964	(194,616)
	-----	-----	-----	-----	-----	-----
Balances End of Year	\$ 2,039,572	\$ 27,026	\$ 2,066,598	\$ 285,989	\$ 285,989	\$ 1,780,609
	=====	=====	=====	=====	=====	=====

See accompanying independent auditor's report.



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
- BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2005**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis. Encumbrances are not recognized on the accrual basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functions are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional area level, not by fund. The Code of Iowa also provides District expenditures in the General Fund that may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2005, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

**OTHER  
SUPPLEMENTARY  
INFORMATION**

**SCHEDULE "1"**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2005**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Student Activity	Physical Plant and Equipment Levy	Debt Service	
<b>Assets</b>				
Cash and pooled investments	\$ 78,348	\$ 42,131	\$ ---	\$ 120,479
Receivables:				
Property tax:				
Delinquent	---	1,863	---	1,863
Succeeding year	---	98,646	---	98,646
Income surtax	---	47,772	---	47,772
Accounts	---	---	---	---
Due from other governments	---	42	---	42
Total Assets	\$ 78,348	\$ 190,454	\$ ---	\$ 268,802
	=====	=====	=====	=====
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ ---	\$ 1,508	\$ ---	\$ 1,508
Deferred revenue:				
Succeeding year property tax	---	98,646	---	98,646
Income surtax	---	47,772	---	47,772
Total Liabilities	\$ ---	\$ 147,926	\$ ---	\$ 147,926
	=====	=====	=====	=====
Fund Equity:				
Unreserved fund balances	\$ 78,348	\$ 42,528	\$ ---	\$ 120,876
Total Liabilities and Fund Equity	\$ 78,348	\$ 190,454	\$ ---	\$ 268,802
	=====	=====	=====	=====

See accompanying independent auditor's report.

**SCHEDULE "2"**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2005**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Student Activity	Physical Plant and Equipment Levy	Debt Service	
<b>Revenues</b>				
Local Sources:				
Local tax	\$ ---	\$ 147,502	\$ ---	\$ 147,502
Other	136,640	45,384	---	182,024
State sources	---	120	---	120
Total Revenues	\$ 136,640	\$ 193,006	\$ ---	\$ 329,646
<b>Expenditures</b>				
Current:				
Instruction:				
Regular instruction	\$ ---	\$ 697	\$ ---	\$ 697
Other instruction	148,177	---	---	148,177
Total Instruction	\$ 148,177	\$ 697	\$ ---	\$ 148,874
Support Services:				
Student services	\$ ---	\$ 1,399	\$ ---	\$ 1,399
Administration services	---	6,298	---	6,298
Operation and maintenance of plant services	---	5,017	---	5,017
Transportation services	---	110,376	---	110,376
Total Support Services	\$ ---	\$ 123,090	\$ ---	\$ 123,090
Other Expenditures:				
Facilities acquisition	\$ ---	\$ 87,340	\$ ---	\$ 87,340
Long-term debt:				
Principal	---	---	65,000	65,000
Interest and fiscal charges	---	---	24,519	24,519
Total Other Expenditures	\$ ---	\$ 87,340	\$ 89,519	\$ 176,859

See accompanying independent auditor's report.

**SCHEDULE "2" (Continued)**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2005**

	Special Revenue Funds			
	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total Nonmajor Governmental Funds
	-----	-----	-----	-----
<b>Expenditures (Continued)</b>				
Total Expenditures	\$ 148,177	\$ 211,127	\$ 89,519	\$ 448,823
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (11,537)	\$ (18,121)	\$ (89,519)	\$ (119,177)
	-----	-----	-----	-----
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	\$ ---	\$ ---	\$ 89,519	\$ 89,519
	-----	-----	-----	-----
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (11,537)	\$ (18,121)	\$ ---	\$ (29,658)
	-----	-----	-----	-----
Fund Balances Beginning of Year	89,885	60,649	---	150,534
	-----	-----	-----	-----
Fund Balances End of Year	\$ 78,348	\$ 42,528	\$ ---	\$ 120,876
	=====	=====	=====	=====

See accompanying independent auditor's report.

**SCHEDULE "3"**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND,  
STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2005**

	Balance Beginning of Year	Revenues	Expenditures	Reclassifications	Balance End of Year
	-----	-----	-----	-----	-----
Materials for Resale:					
Band	\$ (1,583)	\$ 49	\$ ---	\$ ---	\$ (1,534)
Athletics:					
Junior High/High School	8,778	40,815	44,229	285	5,649
Pep Club	1,624	368	266	37	1,763
School Entertainment:					
Concessions	3,227	1,185	1,479	118	3,051
High School Student Council	3,076	18,960	22,156	89	(31)
Junior High Student Council	455	5,881	5,605	23	754
School Publications - High School	4,807	10,410	9,890	71	5,398
School Publications - Middle School	1,453	433	254	31	1,663
School Clubs:					
FFA - boys	70	772	949	5	(102)
FHA - girls	1,173	---	---	25	1,198
Letterman's	1,819	1,678	2,346	31	1,182
SADD Program	178	5	62	---	121
SADD Program - Middle School	913	448	620	20	761
Speech - High School	(34)	---	---	---	(34)
Cheerleaders	2,524	1,801	3,882	14	457
Elementary	8,099	5,660	4,484	180	9,455
Educational trips - Spanish Club	10,502	403	493	243	10,655
School Music Groups:					
Dues, trips, etc.	2,575	---	---	55	2,630
Vocal music activities	1,645	50	1,338	206	563
Color guard activities	26	---	---	1	27
Music Boosters	23,685	26,880	26,396	333	24,502
Class of:					
2005	3,722	---	3,770	48	---
2006	2,692	8,381	7,784	79	3,368
2007	261	2,354	1,278	9	1,346
2008	100	2,912	2,084	4	932
Pre-School	47	789	484	2	354
Interest	1,040	1,252	272	(2,020)	---
Dance Team	3,059	4,394	6,890	32	595
Musicals	3,952	760	1,166	79	3,625
	-----	-----	-----	-----	-----
Total	\$ 89,885	\$ 136,640	\$ 148,177	\$ ---	\$ 78,348
	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

**SCHEDULE "4"****BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA****SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
AGENCY FUND  
YEAR ENDED JUNE 30, 2005**

	Balance Beginning of Year -----	Additions -----	Deductions -----	Balance End of Year -----
<b>Assets</b>				
Cash and deposits	\$ 7,674 =====	\$ 20,952 =====	\$ 18,934 =====	\$ 9,692 =====
<b>Liabilities</b>				
Payable to others	\$ 7,674 =====	\$ 20,952 =====	\$ 18,934 =====	\$ 9,692 =====

See accompanying independent auditor's report.

**SCHEDULE "5"****BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA****SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST FOUR YEARS**

	Modified Accrual Basis			
	2005	2004	2003	2002
Revenues				
Local Sources:				
Local tax	\$ 2,159,390	\$ 2,269,904	\$ 1,920,881	\$ 1,647,758
Tuition	230,006	199,156	207,804	145,934
Other	316,851	285,445	272,448	334,051
Intermediate sources	2,869	2,422	4,046	713
State sources	2,845,615	2,657,970	2,826,425	2,799,037
Federal sources	272,128	293,914	245,145	292,417
	-----	-----	-----	-----
Total	\$ 5,826,859	\$ 5,708,811	\$ 5,476,749	\$ 5,219,910
	=====	=====	=====	=====
Expenditures				
Instruction:				
Regular instruction	\$ 2,153,251	\$ 2,144,939	\$ 2,074,235	\$ 2,080,749
Special instruction	581,232	675,876	695,963	638,447
Other instruction	655,629	542,372	512,655	488,613
Support Services:				
Student services	121,377	107,197	101,766	93,760
Instructional staff services	209,344	224,553	200,120	180,180
Administration services	572,193	528,566	522,703	512,901
Operation and maintenance of plant services	438,897	408,172	390,310	380,472
Transportation services	481,302	430,656	373,646	340,290
Central support services	---	---	1,077	---
Noninstructional programs	3,622	2,508	2,300	2,036
Other Expenditures:				
Facilities acquisition	383,790	74,350	266,562	573,886
Long-term debt:				
Principal	65,000	60,000	50,000	---
Interest and other charges	24,519	26,844	35,977	---
AEA flowthrough	205,319	201,473	216,669	218,532
	-----	-----	-----	-----
Total	\$ 5,895,475	\$ 5,427,506	\$ 5,443,983	\$ 5,509,866
	=====	=====	=====	=====

See accompanying independent auditor's report.



**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the  
Bellevue Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Bellevue Community School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated September 9, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our report included a disclaimer of opinion on the required supplementary information including Management's Discussion and Analysis.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Bellevue Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by

employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe Item I-A-05 is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bellevue Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the Bellevue Community School District and other parties to whom the District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Bellevue Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

O'CONNOR, BROOKS & CO., P.C.

Dubuque, Iowa  
September 9, 2005

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2005**

**Part I: Findings Related to the Financial Statements:**

**INSTANCES OF NONCOMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

I-A-05 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the board secretary performs substantially all of the significant accounting functions.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. We recommend that the bank statements be delivered directly to the Superintendent for review before being given to the secretary for reconciliation. The District should continue to review its operating procedures to obtain the maximum internal accounting control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

**Part II: Other Findings Related to Statutory Reporting:**

II-A-05 Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.

II-B-05 Certified Budget - Disbursements for the year ended June 30, 2005, did not exceed the amount budgeted.

II-C-05 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-D-05 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2005**

**Part II: Other Findings Related to Statutory Reporting: (Continued)**

- II-E-05 Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-F-05 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-G-05 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- II-H-05 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-I-05 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-J-05 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-05 Student Activity Fund - The Student Activity Fund had four accounts with deficit balances as of June 30, 2005.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate any deficits.

Response - We will continue to monitor these accounts.

Conclusion - Response accepted.